



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

(Transmittal No. 15-27)

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

SUMMARY: The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996.

FOR FURTHER INFORMATION CONTACT: Sarah A. Ragan or Heather N. Harwell, DSCA/LMO, (703) 604-1546/ (703) 607-5339.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 15-27 with attached Policy Justification and Sensitivity of Technology.

Dated: February 8, 2016.

Aaron Siegel,
Alternate OSD Federal Register Liaison Officer,
Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY

201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-6408

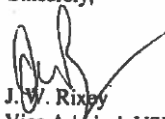
The Honorable Paul D. Ryan
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

DEC 16 2015

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 15-27, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance to the Taipei Economic and Cultural Representative Office in the United States for defense articles and services estimated to cost \$190 million. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,



J. W. Rixey
Vice Admiral, USN
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology



Transmittal No. 15-27

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

(i) Prospective Purchaser: Taipei Economic and Cultural Representative Office in the United States

(ii) Total Estimated Value:

Major Defense Equipment*	\$ 25 million
Other	<u>\$165 million</u>
TOTAL	\$190 million

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: The sale, refurbishment, and upgrade of two (2) Oliver Hazard Perry Class Frigates (FFG-7) being provided as Excess Defense Articles (EDA). Each vessel will be equipped with the MK-92 Mod 6 Fire Control System, the SSQ-89V(9) Anti-Submarine Warfare System, the MK-75 76mm Gun System, Phalanx 20mm Close-In-Weapon System (CIWS) (Block 1B), MK-13 Guided Missile Launching System (GMLS), AN/SLQ-32 Electronic Warfare System, SPS-49 Radar, SQR-19 Towed Array Sonar, SQS-56 Sonar, spare and repair parts, publications and technical documentation, personnel training and training equipment, provisioning, system integration, U.S. Government and contractor logistics, engineering, and technical support services, and other related elements of logistics and program support.

(iv) Military Department: Navy (SEP)

(v) Prior Related Cases, if any: None

(vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Attached Annex

(viii) Date Report Delivered to Congress: 16 December 2015

*as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Taipei Economic and Cultural Representative Office in the United States - Refurbishment and Upgrades of EDA Oliver Perry Class Frigates (FFG-7)

The Taipei Economic and Cultural Representative Office in the United States has requested the possible sale, refurbishment, and upgrade of two (2) Oliver Hazard Perry Class Frigates (FFG-7) being provided as Excess Defense Articles (EDA). Each vessel will be equipped with the MK-92 Mod 6 Fire Control System, the SQQ-89V(9) Anti-Submarine Warfare System, the MK-75 76mm Gun System, Phalanx 20mm Close-In-Weapon System (CIWS) (Block IB), MK-13 Guided Missile Launching System (GMLS), AN/SLQ-32 Electronic Warfare System, SPS-49 Radar, SQR-19 Towed Array Sonar, SQS-56 Sonar, spare and repair parts, publications and technical documentation, personnel training and training equipment, provisioning, system integration, U.S. Government and contractor logistics, engineering, and technical support services, and other related elements of logistics and program support. The estimated cost is \$190 million.

This sale is consistent with United States law and policy as expressed in Public Law 96-8.

This proposed sale serves U.S. national, economic, and security interests by supporting the recipient's continuing efforts to modernize its armed forces and enhance its defensive capability. The proposed sale will help improve the security of the recipient and assist in maintaining political stability, military balance, and economic progress in the region.

The proposed sale will improve the recipient's capability in current and future defensive efforts. The recipient will use these ships to replace existing Knox Class destroyers which have reached the end of their useful service life. The EDA Oliver Hazard Perry Class Frigates (FFG-7) will be more sustainable, provide increased Anti-Submarine Warfare (ASW) capability as a deterrent to local threats, require less maintenance, and reduce life cycle support costs. The recipient will have no difficulty absorbing these ships and equipment into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractor will be selected through a competitive procurement conducted by the U.S. Government in accordance with the Federal Acquisition Regulation. The purchaser normally requests industrial cooperation at forty percent, but at this time there are no known offset agreements proposed in connection with this potential sale.

Implementation of this sale will not require the assignment of any additional U.S. Government personnel or contractor representatives to the recipient.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act

Item No. vii

(vii) Sensitivity of Technology:

1. The equipment to be delivered with these Oliver Perry Class Frigates (FFG-7) is similar to the equipment currently on customer ships or in inventory. This includes Close-In- Weapon System (CIWS) (Block IB), MK 75 76mm gun, MK 13 Guided Missile Launching System (GMLS) for their STANDARD Missile (SM- 1) and Harpoon Block II missiles. MK 32 SVTT is an over-the-side launching system for light weight torpedoes. The Link 11 system provides data sharing capability with other platforms. Operational performance characteristics for CIWS, Harpoon, and the MK 75 gun are classified SECRET. With the exception of CIWS IB and Harpoon Block II, all other equipment being provided in this program is considered legacy technology within the U.S. Navy.
2. The SQQ-89V(9) Anti-Submarine Warfare (ASW) system is being introduced to customer inventory through this program. This system represents an upgrade in capability for the customer, which will enhance the recipient's ASW capabilities. The operating system software and operating manuals are both classified SECRET. Operational performance is classified SECRET. The technical and operational elements of this system, and any related data, are classified SECRET. The SQQ-89V(9) will result in the transfer of highly accurate ASW sensing and detection capability.
3. The technical and operational elements of these systems, and any related data, are classified to protect vulnerabilities, design and performance parameters, and similar critical information. Uncontrolled release of sensitive technological information on these systems could reveal capabilities and possible vulnerabilities.
4. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures that might reduce weapon system effectiveness or be used in the development of a system with similar advanced capabilities.
5. A determination has been made that the recipient can provide the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

6. All defense articles and services listed in this transmittal have been authorized for release and export to the recipient.

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